



# MAYOR AND COUNCIL AGENDA

NO. DEPT.: Recreation and Parks /  
STAFF CONTACT: Lorraine Schack

DATE: February 7, 2005

**SUBJECT:** Affordable Senior Citizen Housing

**RECOMMENDATION:** Receive Report from the Senior Citizens Commission on the Subject of Affordable Independent Living for Senior Citizens.

**IMPACT:** ☐ Environmental ☐ Fiscal ☒ Neighborhood ☒ Other:

**Fiscal Impact:** ☐ Within budget ☐ Over budget:

**Fund:** ☐ General ☐ Capital Projects ☐ Parking ☐ Water ☐ Sewer ☐ Refuse  
☐ SWM ☐ Debt Service ☐ Other:

**DISCUSSION/HISTORY/BACKGROUND:** The Senior Citizens Commission has been discussing and researching this topic since March 2004. The following specific topics will be raised and discussed with the Mayor and Council:

- \* Problems seniors have in obtaining affordable housing
- \* Seniors staying in their own homes
- \* Housing report (attached)
- \* MPDU policy
- \* Demographics
- \* Low income housing
- \* Development of parcels of land remaining in the city
- \* Property taxes
- \* Recommend options

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**Options Considered (*pros and cons*):**

**Boards and Commissions Review:** Senior Citizen Commission.

**Change in Law or Policy:** Change in MPDU policy - Property taxes - Policies for low income housing.

**Next Steps:** The Senior Citizens Commission and City staff will continue to collect information and data relative to affordable housing options and opportunities for Rockville senior citizens, along with extend of need. The Commission will continue to actively support the creation of additional affordable housing.

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**PREPARED BY:**

Lorraine Schack  
Lorraine Schack, Senior Citizen Social Services Coordinator

**APPROVE:** Burt Hall  
Burt Hall, Director of Recreation and Parks

1.25.05

Date

**APPROVE:** Scott Ullery  
Scott Ullery, City Manager

1/25/05

Date

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**LIST OF ATTACHMENTS:**

Report from Senior Citizens Commission

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January 18, 2005

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20850-2364  
www.rockvillemd.gov

Recreation & Parks  
111 Maryland Avenue  
240-314-8600  
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Civic Center  
603 Edmonston Drive  
240-314-8660

Croydon Creek Nature Center  
852 Avery Road  
240-314-8770

Lincoln Park  
Community Center  
357 Frederick Avenue  
240-314-8780

Parks Maintenance  
14625 Rothgeb Drive  
240-314-8700  
FAX 240-314-3719

RedGate Golf Course  
14500 Avery Road  
240-314-8730

Senior Center  
1150 Carnation Drive  
240-314-8800

Swim Center  
355 Martins Lane  
240-314-8750

Twinbrook Community  
Recreation Center  
12920 Twinbrook Parkway  
240-314-8830

MAYOR  
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W. Mark Pentz

CITY CLERK  
Claire F. Funkhouser

CITY ATTORNEY  
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Mayor and Council  
City of Rockville  
111 Maryland Avenue  
Rockville, MD 20805-2364

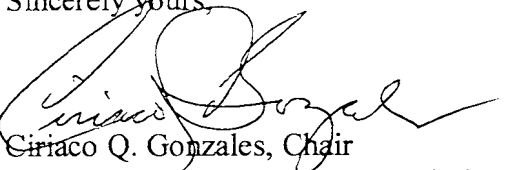
Dear Mayor and Council,

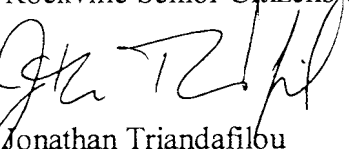
As you know, the Senior Citizens Commission held a forum on the housing needs for senior citizens in Rockville in March, 2004. Since that time, members of the commission surveyed the availability of affordable housing in the city and researched the various problems that senior citizens have in locating affordable housing in Rockville. We have developed a brief report that addresses the issues and identifies some solutions that the city may implement in the near future.

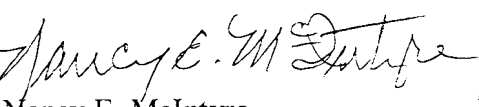
Some of us have attended hearings both at the City Council and at the Montgomery County Council to testify or just to gather information. As a result of these efforts we urge you to address the issue of affordable housing for seniors. We therefore are submitting this report and urging you to take action this year and before all the land available for building is no longer obtainable.

We hope that this report and our concern for affordable housing are helpful in arriving at workable solutions and look forward to a more detailed discussion in our meeting with you on February 7, 2005.

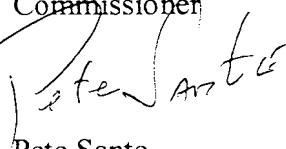
Sincerely yours,

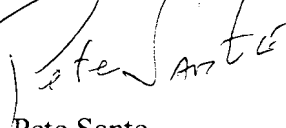
  
Ciriaco Q. Gonzales, Chair  
Rockville Senior Citizens Commission


  
Jonathan Triandafilou  
Commissioner

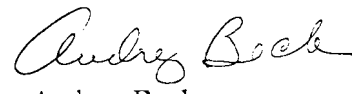
  
Nancy E. McIntyre  
Commissioner

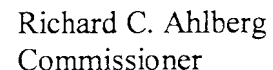
  
Marty Roney  
Commissioner

  
Constance Farrell  
Commissioner

  
Pete Sante  
Commissioner

  
Stuart Crump  
Commissioner

  
Audrey Beck  
Commissioner

  
Richard C. Ahlberg  
Commissioner

January, 2005

## **AFFORDABLE INDEPENDENT LIVING / HOUSING FOR SENIORS IN ROCKVILLE**

This report will explore the availability and affordability of facilities for independent living for seniors in the Rockville area. Who is a senior citizen? The City of Rockville defines a senior as a person age 60 and above. Although the community and City leaders need to plan and prepare for a livable, safe and healthy community for the at-risk and frail elderly, as well as those who live independently, this paper strictly focuses on the housing needs of independent seniors.

### **BACKGROUND AND METHODOLOGY**

About 50 senior citizens attended a forum sponsored by the Senior Commission on March 24, 2004 at the Rockville Senior Center to discuss the difficulties that seniors are experiencing with housing in Rockville. A set of questions was developed in order to gather information on site by using the questions in small group discussions. The set of questions are attached. The basic issues were centered on whether the persons desired to remain in Rockville. If so, what in their opinion or experiences are obstacles that are impediments to their remaining in the city.

Members of the Commission's Housing Committee visited the various independent living facilities in the city and surrounding communities to gather information on availability and affordability of units. Information was gathered on the number of units, the going price for rents, availability if any and the waiting period to get into the facility. Data from each facility will be formatted to include:

- Number of units by size
- Monthly fees and / or purchase price
- Waiting time by unit size
- Amenities: meals, transportation, recreation, health care, security

### **UNDERSTANDING THE NEED FOR SENIOR-FRIENDLY HOUSING**

Housing has to be affordable to seniors on fixed incomes and not to be misinterpreted as MPDU's (Moderate Priced Dwelling Units). In Montgomery County, MPDU's are based on 60% of the metropolitan Washington MSA (median statistical area) median income for a family of four - \$72,230 for 1998. The 2003 MSA is \$84,800. This means that the developers are basing their rates on 60% of the \$84,800 or on an income of \$50,880. Seniors on fixed incomes could not afford to buy or rent an MPDU unless it was a subsidized unit. They would need more like 30% of the MSA to afford an MPDU. Therefore, the current policy on MPDU's is not realistic for them and needs to be revisited in terms of making it affordable.

Senior citizens who participated in the Housing Forum had a variety of concerns with respect to affordable housing in Rockville. Those who owned their homes were concerned that they could not afford to stay in their homes due to the escalating costs. These costs include property tax increases due to escalating assessments (doubling every 7-8 years); User fees (water & sewer, trash

collection, utilities; cost of maintenance, and insurance). Other concerns were the fixed income limitations in having funds available for housing. This latter affects both owners and renters. They listed the lack of continuing care communities in Rockville and the availability of transportation. Single women indicated that maintenance and heavy chores were a major problem. The litany of concerns also included the long waiting lists to get into affordable housing; having to live with family and the burden this puts on children and relatives; the cost of moving; the availability of services in Rockville, and the lack of subsidized housing in Rockville. Several said they have to wait a year or two to get into some of the affordable housing in Rockville. They desire to stay in Rockville but may be forced to move out of the county and the state to find affordable housing.

Current policies on additions to homes to accommodate one floor living for those who own their homes are restrictive – in most cases to the existing footprint of the house. Those who own their homes have difficulty getting the City to approve changes to their homes that would allow them to continue living in Rockville. Eventually they give up and sell out to move to a more senior-friendly environment, out of the City, and in most cases out of the County.

Other issues to be considered include the following questions:

Are we dealing with people in Rockville or those who want to move here to be near their children?

What is the percentage of people who are foreign born and are being brought here from their home country to be near their children? Is this a legitimate use of senior housing in Rockville, especially if it is subsidized?

Shouldn't current residents of Rockville have housing priorities?

The affordable facilities for seniors have long waiting lists of two years or more. There are only 4 such facilities: Bethany House, Heritage House, Town Center, and National Lutheran Home. **In the summer of 2004, there were folks camping out overnight just to get on the waiting list for housing at Heritage House. They currently have 200 names on the waiting list.**

Other facilities recently built or under construction are beyond the affordable range for most seniors. Some examples are: The Crest @ 1620 E. Jefferson Street, the Westchester at Rockville Town Center near the Giant on Hungerford Drive and those at the Falls Grove and King Farm developments. Some have elevators but most do not. At the Westchester, the basic rentals run from \$1309 to \$2159 per month. They do have elevators in the buildings. Parking is available for a fee. About 12% of the units were set aside as MPDU's.

The Crest is located at 1620 E. Jefferson Street near Bethany House and has elevators in the garage only. The basic rental rates range from \$1496 to \$2720 for one bedroom through the more expensive two bedroom units. They also have 12% of their units as MPDU's.

Down sizing to a more convenient way of living in smaller homes on one floor is not an option that is available for current homeowners in Rockville. More security, less maintenance and the elimination of yard work are important considerations. Seniors who own their homes are also

impacted adversely by the escalating real estate assessments. This has imposed an enormous tax burden on those with fixed incomes. The result of this is that they are forced to sell their homes and move out of Rockville. Note the migration of thousands of senior citizens out of the County in the past ten years as reported in a recent GROWS newsletter. In the last legislative session, a bill was passed (and has been signed by the governor) to do a study of the migration of senior citizens. However, the results of such a study will not help the crisis of affordable housing in Rockville in the near future. There is a paucity of land available for building and the developers are not interested in building affordable housing in the developments now planned or under construction. There needs to be a concerted effort by the City to encourage if not require developers to address the affordable housing issue with some positive action.

### DEMOGRAPHICS:

The following table shows the income of seniors as compared to other age groups. The data comes from the Bureau of the Census 2000. (The data is actually 1999 data) More recent data is not available. The overall average is \$68,074

<u>Age Groups</u>	<u>Average Income</u>
Under 25	34,375
24-34	64,267
35-44	72,469
45-54	89,620
55-64	85,364
<b>65-74</b>	<b>50,779</b>
75+	36,368

### The growth of Montgomery County's Aging Population

GROWS (Grass Roots Organization for the Well-being of Seniors), in their White Paper Report of January 2004, state that there will be a 74% increase in Montgomery County residents 60 and older in the next 20 years. There will be a 45% increase in the 85 plus category. The Maryland Department of Planning, Population Projections report of 11/2003 projects that in Montgomery County, there will be a 125.4% increase in the 60 plus population between the years 2000-2030. In the year 2000 there were 130,647 persons aged 60 plus and the projections are for 294,528 in the year 2030.

The City of Rockville needs to be prepared for this shift in demographics. In order to have a "healthy and viable community" we need to have support services and systems and affordable housing in place.

Currently, under Montgomery County law, up to 15% of housing developments of more than 35 units must be offered as MPDU's. However, The City of Rockville requires that a minimum percentage (12%) of the dwelling units in subdivisions of 50 or more units be provided as MPDU's. This explains why the King Farm Village Center apartments have no MPDU's since (as they indicated) they have only 49 units. If they were under the county law they would have had to



provide 5 MPDU's. One wonders how many such cases there are in Rockville and why there is a difference in the numbers **35 vs. 50**. Some of the proposals by the Montgomery County Council to revamp the affordable housing program include the following recommendations: allow the Planning Board to reduce public use space if MPDU's are included; allow all units to be townhouses or semidetached units in areas requiring MPDU's if it would increase MPDU's; allow builders to exceed height and density limits to accommodate MPDU's; allow higher density for projects that include MPDU's in central business districts and transit stations; allow narrower neighborhood roads and departures from density and building height limits set in master or sector plans for developments that include MPDU's. The entire document can be found in their website.

## DATA ON THE VARIOUS SENIOR HOUSING IN ROCKVILLE

**Bethany House**    199 Rollins Avenue                      301-881-0700                      251 Units

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
Efficiencies	1 year	\$247-300
1 Bedroom	3 years	\$357-375
1 Bedroom plus		\$622
2 Bedroom		\$731
Subsidies	Income Minimum - \$9888	Income Maximum - \$40,250 (single)

**Heritage House**    95 Dawson Avenue                      301-762-8621                      100 units (all 1 Bdrm)

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
1 Bedroom (1 person)	1 – 2 years	depends on income
1 Bedroom (2 person)		
Subsidies:	based on 30% of income	

**National Lutheran Home**    301-424-9560                      129 Units

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
Small Villa	2 years	\$286                      *Entry: \$92,500
Large Villa	2 - 4 years	\$290                      *Entry: \$97,500
Subsidies:	Income Minimum – not required	Income maximum – none
Amenities:	Dining facility, health facility	

\* 80% is refundable, amortized over 10 years.



**Town Center**                      90 Monroe Street                      301-251-5885                      110 units

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
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Efficiencies	3 months	\$490
1 Bedroom	6 – 12 month	\$662

Section 136 HUD Moderate price

Subsidies:

There are 110 apartments and the sizes range from efficiencies (small, medium and large) to 1 Bedroom (small, medium and large). Monthly income requirements: \$1102 for efficiencies and \$1568 for 1 Bedroom. The rents vary from \$490 to \$662 per month. There are about 50 people on the waiting list: the efficiencies are frequently available but the 1 Bedroom unit wait can be 6 to 12 months.

**Ring House**                      1801 E. Jefferson Street                      301-251-5885                      210 Units

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
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Efficiencies	None	
1 Bedroom		\$1087 – 3498
2 Bedroom		

### **Other Sites – Adjacent to Rockville**

**The Gardens @ Trville**    14431 Trville Garden Circle                      301-762-5224

TYPE OF UNITS	WAIT TIME	MONTHLY FEE
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1 Bedroom (affordable rate)	none	\$865
1 Bedroom, (market rate)	none	\$1385
2 Bedroom, (affordable rate)	none	\$1065
2 Bedroom (market rate)	none	\$1900

### **Recommendations**

1.        Zoning regulations need to be changed:

A.        Designate properties & locations in the city that could be zoned to allow by right, multifamily senior housing. This would include vacant sites as well as redevelopment of old sites. Give developers a density bonus for their proposed projects when they provide a certain percentage of affordable housing units (rental or purchase).





B. Designate a greater percentage of units that need to be rented to low-to-moderate income residents. These residents should be people making 30, 40, 50 percent of the county's median income.

C. Relax the restrictions on additions to homes to make them more senior friendly (basically one floor living space). Some developments currently restrict any additions to the footprint of the house.

2. Place a cap on real estate taxes for senior citizens such as some other states and cities have done. The current homestead net cap of 10% increases is not effective because the real estate values keep going up and the taxes are calculated on the assessed value that increases along with real estate values in the city. Eventually, some seniors are priced out of their homes notwithstanding the restriction to 10% increases in taxes. Also see attachment 2 from The Alliance of Rockville Citizens entitled "Targeted Property Tax Credit Programs" by Roald A. Schrack

3. City subsidized handyman services. Some may be provided for a nominal charge to those who can afford it. A clearing-house that assures the handyman is senior friendly and reliable would be needed.

4. The regulations on MPDU's need to be revised to make more housing available to seniors.

These are just some of the possibilities that the city should consider in any future developments within the city. It is also important to work together with the County in their current efforts to address affordable housing. The County published a report in May 2001 titled "NEED FOR HOUSING FOR OLDER ADULTS IN MONTGOMERY COUNTY". In this report, they addressed some of the concerns we have identified as well as some of the recommendation. However, at the time they stated that the senior population growth was slowing down. As shown in recent publications, the rate of growth has increased and is now referred to as a tidal wave moving in on us in the next decade or so.

The Senior Citizens Commission therefore urges the Mayor and Council to put this issue on the top of the list of issues to be resolved in the coming months.

## **Attachment I**

### **Questionnaire for Housing Forum**

Do you desire to remain in Rockville?

What are the impediments or restrictions that would prevent you from remaining in Rockville?

Have you experienced or are you aware of anyone that has been unable to find affordable and suitable senior housing in Rockville?

What type of housing do you currently live in?

Are you considering moving now or in the next 5 years?

What is the main reason that you would move?

What type of housing do you prefer?

Rental apartment

Condo

Single-family house

Active adult communities

Continuing care retirement communities

Independent living communities

Assisted living communities

Would you be looking for subsidized housing?

Are major repairs (such as the purchase of a new furnace) forcing you to consider the sale of your home?

Would the installation of ramps/handrails or bathroom safety equipment make it easier for you to remain in your home?

If assistance with activities of daily living such as bathing or dressing were available in your home, would you still choose to move?

How about meal preparation?

Are the increased taxes forcing you to consider the sale of your home?

Options exist to make your home safe and enjoyable. What are you looking for?

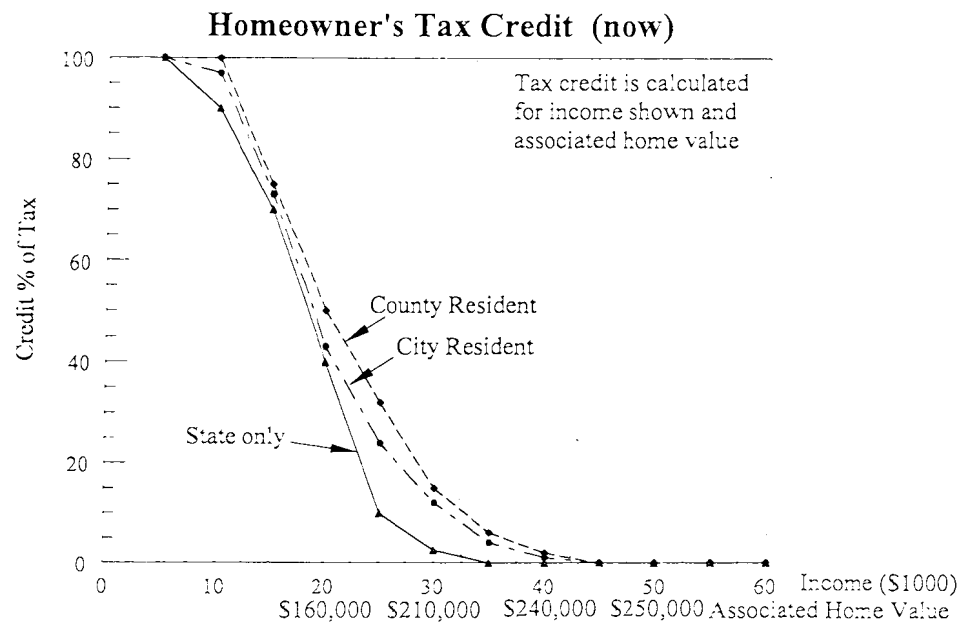


## The Alliance of Rockville Citizens

### Targeted Property Tax Credit Programs

My name is Roald A. Schrack, I reside at 13 Farsta Ct., Rockville, MD. This presentation is the result of an extended discussion at the ARC meeting held on October 28.

A targeted property tax credit is available to low income residents. There are now actually two programs, one operated by the state and a second operated by the county. They are not well publicized. At the present time the county estimates that only about 11% of the eligible homeowners get the credit. The major part of the program is now the state funded program. The county instituted an additional credit program in 1998. The first graph shows the amount of the tax credit, as a percentage of the total property tax for taxpayers as it now exists. A homeowner with

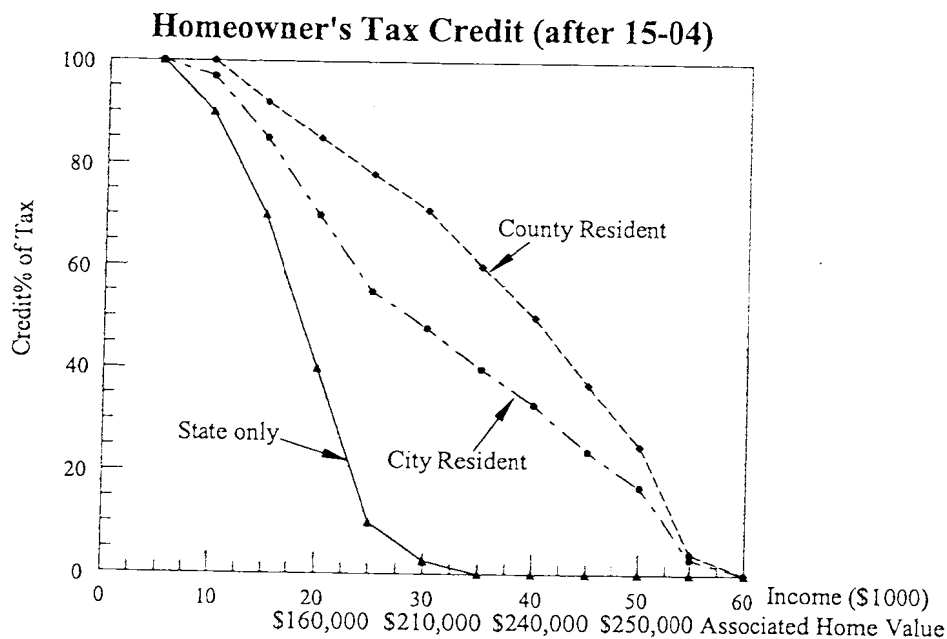


an income of \$30,000, living in a house with an assessed value of \$210,000 in the county would have to pay \$2,125 (about 15% reduction) of his \$2,510 property tax. Because the county tax credit only applies to the county part of his taxes, that same homeowner, if he lived in the city, would have to pay \$2,235. The city resident thus pays \$110 more because the county share is about 2/3 of his property tax. As the graph shows, the tax credit drops rapidly for increasing income, becoming zero for incomes above \$40,000. Note that the credits are calculated on the basis of house values that are appropriate for the income levels. Thus there is a small penalty at the present time for living in Rockville and not much incentive for a tax credit program in the city. That is about to change.

The concept of a "circuit breaker" on the property tax has attracted increasing interest as increasing home assessments have made 10% increases in the property tax every year a reality.

This increasing tax will be especially difficult for low income residents to manage. The county has taken note of this and is now considering an enhanced tax credit program in bill 15-04 introduced by Council President Steve Silverman. This bill will come before the county committee on Management and Fiscal Policy on Nov. 15. There is good support for the bill on the council.

The second graph shows tax credits under the enhanced program. Note now that the county homeowner with \$30,000 income, considered in the above example now has to pay only \$727 in taxes ( an 85% reduction ). In comparison, the city homeowner has a tax bill of \$1312, almost twice as much, \$585 more than the county resident because the city does not have a comparable tax credit program.



The cost of a Targeted Tax Credit a program compared to the tax rate reduction is of interest. Every penny cut from

the current tax rate of .322 will reduce revenue in the FY06 budget by about \$850,000.

The county is guessing that about 10,000 homeowners in the county will take advantage of the enhanced program at an average credit of \$968 per homeowner (\$35,000 income average). For Rockville, one might expect 1000 applicants. Since our tax rate is about 1/3 the county tax rate, the average credit per householder would be about \$325 for a total cost of \$325,000. This is equivalent in lost revenue to a reduction in the tax rate of 0.4 cents. To achieve the same effect by changing the tax rate would require cutting the tax rate by more than 15¢, clearly impossible.

The Alliance of Rockville citizens strongly urges the city to enact a Tax Credit program equivalent to the enhanced County program. If the city adopts an identical credit schedule as the county, the administrative costs would be reduced and could be a simple extension of the County program.

This is a program that is vitally needed by low income residents and those on fixed pensions. The prospect of continued increases in assessment threatens the ability of many to continue to live in the city. The City should enact this program to prevent Rockville homeowners who use the State and County Tax Credit programs from being penalized for living in Rockville.